PRESERVED

App. F. IX-4

File No. 25-40

193 .

( )

Previous References

37-39(7-8) Legis

Serial Nos.

Later References.

(6)

GENERAL AND REVENUE SECRETARIAT.

+ Encs.

Part B for

SUBJECT.

Additional from under Money Lenders Act.

WD 0573—GPB—22,500—12-9-39

Serial No.

Form .

R.B. Bhavarlal by Banker and Mr. Robertson's Ltr, letter d 3rd July 1940

requesting for prescribing of an additional form of the Moneylenders Act in which to keep running accounts

(1) Mr. Bhavarlal requests that an additional Form may be prescribed in addition to Form VII to maintain runnin accounts of the kind decribed by him.

(2) Rule 27 requires that a moneylender should keep a separate account in respect of each loan. Form VII is intended to serve this purpose. There is a column for entering the amount of loan advanced and separate columns for noting payments towards this loan and the manner of appropriation (whether towards interest or principal).

(3) From the petition it appears that the transactions for which a separate Form is requested ~~is~~ are in the nature a running account but being always on the debit side. Subject perhaps to a maximum which is not noted in the account, various sums are advanced whenever and as a borrower wants ~~it~~ them and these are entered in the account book. Repayments towards the loan are also entered in th book. The balance is therfore a fluctuating and indefini one. Repayments also are not appropriated towards any particular loan but are merely credited to the general account.

4) Rule 27 was passed to enable a court or the Inspector as the case may be, to find out from the account book how reappropriations are made. It was also intended to prevent a system of accounting in which interest was added to principal when the account was carried over at the end

NOTE—Contn. Sheet.

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f the account year. As Form VII stands at present, even t tne end of the account year, it will not be possible to do interest to principal and carry tne whole ammount over o the next year.

5) But the method of keeping accounts which the petitioners ants to be retained has all these disadvantages wnicn the ct and the Rukes seek to remove.

6) Further, if such a system is recognised, every one will eep accounts in that form alone as it is aavantageous to he creditor. Even single loan transactions will be - iable to get clubbed together and called a running account.

7) It does not therefore appear necessary to prescribe nother Form in addition to Form VII. Loans have to be or definite amounts and repayments should be strictly armarked for particular loans or interest on particular loans. It is only then that a proper system of accounting ll be possible and it will be easy for the Court of the spector to scrutinise them properly, and the Debtor also protected

Submitted for orders.

8) The forms suggested by Mr. Bhaskerlal will render nugatory the salutary provisions of the Act and the Rules thereunder; as in a running account it would not be possible to make appropriations of payment towards any particular item of loan. It will not also be easily possible to determine the interest due to the moneylenders under the provisions of the Act.

9) The existing Forms VII may remain. The money-lenders will have to conform to statute and not Vice Versa.

SECY. LAW DEPT. 8 JULY 1940 GO. MYSORE

Serial No.

OFFICE OF THE
FIRST ASSTT.
JUL 10 1940
No. 4229

10) Form no VII as it is now deals with an account of each loan. Rule 27 lays down that every moneylender should keep a separate account in respect of each loan It is to bring the form in conformity with this rule that the original form no VII was changed into the present form no VII. If a form suitable to a running account has to be introduced Rule 27 requires modification by the addition of a provision relating to running accounts. Then the old form no VII may also have to be introduced in addition to the form now existi

I Member)

Hm
10/7/40.
10/7

11) Is there provision for the maintenance of running accounts in the rules framed elsewhere

11/7/40

Hm
11/7/40
11/7

under the Madras Debtors Protection Rules, 1936, rule 3(1) requires that every Creditor shall keep a separate accou in respect of each loan (Flag 1)

This has been adopted in our rules as rule 27.

In C. P. under the Moneylenders Account Rules framed under the Moneylenders Act 1934, rule 4 requires accounts to be maintained in the form given in the Schedule (Flag

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In Assam under rule 1 of the Rules under the Assam Moneylenders Act 1934, accounts have to be prescribed in the form given in the Schedule (Flag P)

Submitted with reference to para 11 Supra

Provisions for the maintenance of running accounts exist in Assam and the Central Provinces. If similar forms are to be used here the ~~rules~~ relevant rules will have to be amended.

This file had been submitted to the Law Secy in connection with a deputation on the I Member on this matter.
JKW 11/9

This Act was brought into force only two months ago and its working may perhaps be watched for some time before the question of amendments is taken up for consideration. Further several questions and resolutions on this Act have been tabled for coming sessions of the Assembly. These discussions also may be watched, before further action is taken.

JKW 11/9

Law Secy)

This question may be taken up after the coming session of the Assembly.

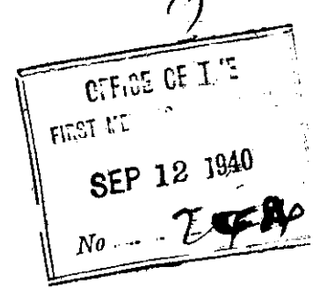
I Member)

Hm 12/9/40
JKW 12/9

JKW 14/9/40

Hm 14/9/40
JKW 14/9

1936 12/9



B. Sen

May I know what is being done in other Provinces?

Please send the file relating to Money Lenders' Act.

Hm
2

8/7/40.

The file relating to the Act is put up.

The Copy of the Rule put up therewith shows Form VII as it was then provided for particulars of advance also. Later on in order to provide for certain particulars omitted in this form, it was revised and since rule 27 requires a separate account for each loan the present form was settled. (file submitted)

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Madras Rules — rule 3(1) requires a separate account for each loan the form is unfortunately not available

Certain other Acts and Rules are also submitted for perusal.

If the form has to be changed rule 27 also requires modification.

152-1940
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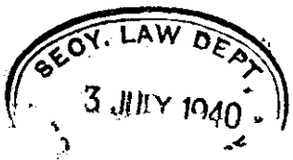

To,

The Secretary to Government,
Law Department, BANGALORE.

Sir,

On behalf f the Marwari Moneylenders ~~of Kolar~~. I beg to submit as follows:-

The Moneylenders Act and Rules have come into operation from the 1st of July 1940. As the Form prescribed for keeping accounts is inappropriate for maintainingnrunning accounts. I request you to kindly prescribe another Form in which they may be maintained.

We usually allow our Community customers to draw upon us fo various amounts at any time they may want to do so and to pay various sums towards their overdraft account made up as above. There will therefore not be one lumpsum advanced on a particular date towards which repayments can be made in instalments. The l will be made up of a number of advances made from time to time. Payments will also be made from time to time. The account will therefore be in the nature of a running account, though it wil be a debit account and not a credit account like a current ac maintained by Banks.

The Form prescribed under the Act is meant for a single loan transaction and will not be suitable to maintain running accounts of the kind I have detailed above.

I therefore request you to kindly have another Form presc for entering the transactions of the kind mentioned above

As we are required to maintain accounts from the 1st of th month and we cannot carry on such transactions or enter them accounts until a revised Form is prescribed, I request you t kindly treat the matter as urgent.

I beg to remain,
Sir,
Yours faithfully,
A.B. Bhansali's Bank
M.L.C